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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-900]

Diamond Sawblades and Parts Thereof from the People's Republic of China: Initiation of Anti-Circumvention Inquiry

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: In response to a request from Diamond Sawblades Manufacturers' Coalition (the petitioner), the Department of Commerce (the Department) is initiating an anti-circumvention inquiry to determine whether certain imports of diamond sawblades and parts thereof (diamond sawblades) comprised of cores and segments produced in the People's Republic of China (PRC) and joined into finished diamond sawblades in, and exported from, Thailand are circumventing the antidumping duty order on diamond sawblades from the PRC.

DATES: Applicable **[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

FOR FURTHER INFORMATION CONTACT: Yang Jin Chun, AD/CVD Operations Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5760.

SUPPLEMENTARY INFORMATION:

Background

Effective January 23, 2009, the Department published the antidumping duty order on diamond sawblades from the PRC.¹ On August 9, 2017, the petitioner filed a request for a circumvention ruling, requesting that the Department issue a determination of circumvention and suspend liquidation of certain diamond sawblades exported from Thailand.² Specifically, the petitioner requests an circumvention ruling for three companies, Diamond Tools Technology (Diamond Tools), Bosun Tools (Thailand) Co., Ltd. (Bosun), and Kingthai Diamond Tools (Kingthai)³. The petitioner requests that, in the alternative, and to the extent that the Department decides it to be more appropriate, the Department address circumvention issues in a changed circumstances review.⁴

On September 22, 2017, we received a letter from Bosun Tools Co., Ltd. (Bosun China) and its affiliate Bosun Tools (Thailand) Co., Ltd. (Bosun Thailand) (collectively Bosun), arguing that Bosun Thailand has not engaged in the alleged activity of joining cores and segments made in the PRC and exporting them to the United States. Bosun claims that the petitioner did not support its allegation with any evidence with respect to Bosun. Bosun explains that the petitioner did not cite to record evidence supporting its allegation of limited manufacturing

¹ See *Diamond Sawblades and Parts Thereof from the People's Republic of China and the Republic of Korea: Antidumping Duty Orders*, 74 FR 57145 (November 4, 2009).

² See the Letter from the petitioner, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Request for Circumvention Ruling Pursuant to Section 781(b) of the Tariff Act of 1930 or in the Alternative a Changed Circumstances Review Pursuant to Section 751(b) of the Act," dated August 9, 2017 (the petitioner's circumvention ruling request), as amended in "Supplemental Submission Regarding Request for Circumvention Ruling Pursuant to Section 781(b) of the Tariff Act of 1930 or in the Alternative a Changed Circumstances Review Pursuant to Section 751(b) of the Act," dated September 14, 2017 (supplement to the petitioner's circumvention ruling request).

³ See Supplement to the petitioner's circumvention ruling request at 10-12.

⁴ See the petitioner's circumvention ruling request at 22.

operations at Bosun Thailand, although the affiliation between Bosun China and Bosun Thailand is on the public record in the last completed administrative review of the order.⁵

On October 2, 2017, the Department issued a supplemental questionnaire to the petitioner requesting additional information.⁶ On October 16, 2017, the petitioner submitted its response to the Department's supplemental questionnaire.⁷ On October 26, 2017, Diamond Tools submitted its opposition to the petitioner's request for a circumvention ruling. In it, Diamond Tools denies that it circumvented the antidumping duty order on diamond sawblades from the PRC. Diamond Tools contends that the Department determined in the investigation that the country in which the cores and segments are joined is the country of origin.⁸ Diamond Tools argues that the U.S. Court of International Trade upheld the Department's decision with respect to the country of origin in the investigation.⁹

Scope of the Order

The products covered by the order are all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope of the order are semi-finished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not

⁵ See Bosun's Response to DSMC's Request for Anti-Circumvention Inquiry dated September 22, 2017.

⁶ See the Department's supplemental questionnaire to the petitioner dated October 2, 2017.

⁷ See the petitioner's supplemental response dated October 16, 2017 (the petitioner's supplemental response).

⁸ See Diamond Tools' letter, "Diamond Sawblades & Parts Thereof from the People's Republic of China: Response to Request by Diamond Sawblades Manufacturers' Coalition for Anti-Circumvention Ruling" dated October 26, 2017 at 3 (citing *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China*, 71 FR 29303 (May 22, 2006) (*Final Determination – China*), and accompanying Issues and Decision Memorandum (I&D Memo) at Comment 4).

⁹ *Id.* at 4 (citing *Advanced Tech. & Materials Co. v. United States*, No. 09-00511, slip op. 11-122, 2011 Ct. Intl. Trade LEXIS 136, *1 at *9-*15 (Ct. Int'l Trade Oct. 12, 2011)).

exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).

Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of the order. Diamond sawblades and/or sawblade cores with a thickness of less than 0.025 inches, or with a thickness greater than 1.1 inches, are excluded from the scope of the order. Circular steel plates that have a cutting edge of non-diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of the order. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the order. Diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from the scope of the order.

Merchandise subject to the order is typically imported under heading 8202.39.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206.00.00.00 of the HTSUS. On October 11, 2011, the Department included the 6804.21.00.00 HTSUS classification number to the customs case reference file, pursuant to a request by CBP.¹⁰

The tariff classification is provided for convenience and customs purposes; however, the written description of the scope of the order is dispositive.

¹⁰ See *Diamond Sawblades and Parts Thereof from the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review*, 76 FR 76128 (December 6, 2011).

Merchandise Subject to the Anti-Circumvention Inquiry

This anti-circumvention inquiry covers diamond sawblades exported from Thailand to the United States that are produced by Diamond Tools from cores and segments of PRC origin. If warranted, the Department may, based on additional evidence it receives from interested parties regarding potential anti-circumvention of the *PRC Sawblades Order* by other Thai companies, consider conducting additional inquiries concurrently.

The petitioner requests that the Department treat diamond sawblades assembled in Thailand with cores and segments from the PRC as subject merchandise under the scope of the antidumping duty order on diamond sawblades from the PRC.

Initiation of Anti-Circumvention Inquiry

Section 781(b)(1) of The Tariff Act of 1930, as amended (the Act), provides that the Department may find circumvention of an antidumping or countervailing duty order if: (A) Merchandise imported into the United States is of the same class or kind as any merchandise produced in a foreign country that is the subject of an antidumping or countervailing duty order or finding; (B) before importation into the United States, such imported merchandise is completed or assembled in another foreign country from merchandise which is subject to the order or merchandise which is produced in the foreign country that is subject to the order; (C) the process of assembly or completion in the foreign country referred to in section (B) is minor or insignificant; (D) the value of the merchandise produced in the foreign country to which the AD or CVD order applies is a significant portion of the total value of the merchandise exported to the United States; and (E) the administering authority determines that action is appropriate to prevent evasion of such order or finding. As discussed below, the petitioner provided information available to them with respect to these criteria.¹¹

A. Merchandise of the Same Class or Kind

The petitioner claims that, in accordance with section 781(b)(1)(A)(i) of the Act, diamond sawblades exported from Thailand to the United States are identical to diamond sawblades exported from the PRC to the United States subject to the antidumping duty order. The petitioner contends that, because cores, segments, and diamond sawblades are all one class or kind of subject merchandise, a process that simply transforms one of these items to another should not serve as an avenue for PRC producers to evade the antidumping duty order.¹²

¹¹ See section 781(b)(1) of the Act.

¹² See the petitioner's circumvention ruling request at 13-14 and Exhibit 9 for U.S. imports of diamond sawblades from the PRC and Thailand under the same HTSUS subheadings.

B. Completion of Merchandise in a Third Country Before Importation into the United States

The petitioner contends that, in Thailand, cores made in the PRC are being joined to segments made in the PRC and undergo a minor welding operation and minor processing before they are imported into the United States.¹³ The petitioner claims that PRC producers with facilities in Thailand for which it requests an anti-circumvention inquiry are as follows: Bosun Tools Co., Ltd., Hebei Jikai Group, and Wuhan Wanbang Laser Diamond Tools Co., Ltd.¹⁴ The petitioner also notes that, pursuant to an investigation under the Enforce and Protect Act, CBP recently issued a Notice of Interim Measures finding a reasonable suspicion that Diamond Tools was evading the order.¹⁵

C. Minor or Insignificant Process

The petitioner explains that, in accordance with section 781(b)(1)(C) of the Act, the Department considers whether the assembly or completion that occurs in the other foreign country is minor or insignificant. The petitioner states that, under section 781(b)(2)(A)-(E) of the Act, the Department considers five factors to determine whether the process of assembly or completion is minor or insignificant. The petitioner alleges that, based on these factors, the completion of the merchandise in Thailand is minor and insignificant.¹⁶

1. Level of Investment in Thailand

¹³ See the petitioner's circumvention ruling request at 14-15 and Exhibits 10-12. See also the petitioner's supplemental response at 2-6 and Exhibits 5-6.

¹⁴ See the petitioner's circumvention ruling request at 14-15 and Exhibits 1, 4, and 5. See also supplement to the petitioner's circumvention ruling request at 10 for Wuhan Wanbang Laser Diamond Tools Co., Ltd.

¹⁵ See the petitioner's circumvention ruling request at 9 and Exhibit 8 (where the petitioner cites to Memorandum from Troy P. Riley, Executive Director, Trade Remedy & Law Enft Directorate, to Yan Li, Diamond Tools Tech., "re: Notice of interim measures taken as to Diamond Tools Technology LLC concerning a reasonable suspicion as to evasion of the antidumping duty order on Diamond Sawblades from the People's Republic of China," dated June 27, 2017 (Notice of Interim Measures)).

¹⁶ See the petitioner's circumvention ruling request at 16.

The petitioner argues that there is little evidence of any significant level of investment in Thailand for production activities beyond joining cores and segments and laser welding.¹⁷ In other words, according to the petitioner, diamond sawblades production facilities in Thailand are not sophisticated enough to produce segments. The petitioner explains that the production of segments is a complex process that requires detailed expertise in metallurgy and technical experience in bonding of diamond powders and metal powders in the production process and the performance of diamond sawblades for particular applications. The petitioner claims that only highly skilled technicians can perform such production processes, while laser-welding is a highly-automated process that essentially only requires a person who can operate a keyboard.¹⁸ The petitioner claims further that other methods of joining cores and segments, *e.g.*, silver soldering or sintering, are even less sophisticated than laser-welding.¹⁹

The petitioner distinguishes the level of capital investment between segment production and laser-welding. The petitioner explains that segment production requires significant capital investment for equipment such as weighing scales, mixing equipment, granulating equipment, cold pressing equipment, sintering presses, inspecting equipment, and radius grinding equipment. The petitioner claims that, in particular, the induction and resistance presses used in segment production represent a substantial capital investment. The petitioner contends that the capital investment required for joining cores and segments is essentially limited to a piece of laser-welding equipment.

¹⁷ See the petitioner's circumvention ruling request at 16-18 and Exhibits 8, 10, 11, and 12. See also the petitioner's supplemental response at 9-10 and Exhibits 5-6.

¹⁸ See the petitioner's circumvention ruling request at 16-17.

¹⁹ The Department considers that this portion of the petitioner's circumvention ruling request is relevant to the consideration contained in section 781(b)(2)(C) ("the nature of the production process in the foreign country")

The petitioner distinguishes the level of costs between segment production and joining cores and segments. According to the petitioner, the production cost for finished diamond sawblades segments may represent approximately 70 percent of the cost of producing a finished diamond sawblade, whereas joining cores and segments typically accounts for a much smaller percentage of the cost of production, often as low as 0.5 percent of the cost of a finished diamond sawblade.²⁰ The petitioner also asserts that laser welding requires a relatively small capital investment because the only piece of machinery needed to join cores and segments through laser welding is a laser welder itself.²¹

The petitioner argues that, for these reasons, the joining operations require very minimal investment.²²

2. Level of Research and Development

The petitioner argues that, because laser-welding is a highly-automated process and other methods of joining cores and segments are less sophisticated than laser-welding, entities joining the PRC cores and segments in Thailand do not, and do not need to, invest in research and development in Thailand.²³

3. Nature of Production Process

The petitioner states that there is very minimal additional processing done in Thailand to diamond sawblades produced in the PRC and exported to Thailand and later re-exported to the United States. The petitioner reiterates that joining cores and segments is a highly automated

²⁰ See the petitioner's circumvention ruling request at 17. The Department considers that this portion of the petitioner's circumvention ruling request is relevant to the consideration contained in section 781(b)(1)(D) ("the value of the merchandise produced in the foreign country to which the antidumping order applies is a significant portion of the total value of the merchandise exported to the United States")

²¹ See the petitioner's supplemental response at 9-10 and Exhibits 5.

²² See the petitioner's circumvention ruling request at 16-18. See also the petitioner's supplemental response at 9-10 and Exhibits 5-6.

²³ See the petitioner's circumvention ruling request at 18. See also the petitioner's supplemental response at 10-12 and Exhibits 5-6.

process and, compared to segment production, welding of cores and segments is a minimal step in the overall production process.²⁴ As mentioned above, the petitioner explains that the production of segments is a complex process that requires detailed expertise in metallurgy and technical experience in bonding of diamond powders and metal powders in the production process and the performance of diamond sawblades for particular applications. The petitioner claims that only highly skilled technicians can perform such production processes, while laser-welding is a highly-automated process that essentially only requires a person who can operate a keyboard.²⁵ The petitioner claims further that other methods of joining cores and segments, *e.g.*, silver soldering or sintering, are even less sophisticated than laser-welding.

4. Extent of Production Facilities in Thailand

The petitioner explains that, before the imposition of the antidumping duty order on diamond sawblades from the PRC in 2009, Thailand had very minimal exports of diamond sawblades to the United States. The petitioner contends that little, if any, of the increase of exports of diamond sawblades from Thailand—from \$1.8 million in 2006 to \$5.8 million in 2012 to \$11.4 million in 2013 to \$41.7 million in 2016—is due to an increase in production facilities in Thailand.²⁶ The petitioner explains that evidence indicates very limited investment in building facilities in Thailand for production of diamond sawblades.²⁷

5. Value of Processing in Thailand

The petitioner reiterates that the joining of cores and segments constitutes a small portion of the cost and represents the smallest portion of the production costs of diamond sawblades

²⁴ See the petitioner's circumvention ruling request at 18. See also the petitioner's supplemental response at 12-14 and Exhibits 5, 6, 11, and 12.

²⁵ See the petitioner's circumvention ruling request at 16-17.

²⁶ See the petitioner's circumvention ruling request at 19 and Exhibit 9. See also the petitioner's supplemental response at 14-16 and Exhibit 7.

²⁷ See the petitioner's circumvention ruling request at 19. See also the petitioner's supplemental response at 14-16 and Exhibit 9.

imported into the United States. The petitioner provides information indicating that cores and segments produced in the PRC represent the vast majority of the value of the products exported to the United States.²⁸

D. Value of Merchandise Produced in the PRC is a Significant Portion of the Total Value of the Merchandise Exported to The United States

The petitioner explains that the value of the segments and cores produced in China represent the vast majority of the value of the products exported to the United States.²⁹ Further, the petitioner states that the cost breakdown of a typical finished diamond sawblade shows that manufacture of the segments and the core comprise the bulk of its value.³⁰

E. Additional Factors to Consider in Determining Whether Action Is Necessary

Section 781(b)(3) of the Act directs the Department to consider additional factors in determining whether to include merchandise assembled or completed in a foreign country within the scope of the order, such as: “(A) the pattern of trade, including sourcing patterns, (B) whether the manufacturer or exporter of the merchandise . . . is affiliated with the person who uses the merchandise. . . to assemble or complete in the foreign country the merchandise that is subsequently imported into the United States, and (C) whether imports into the foreign country of the merchandise. . . have increased after the initiation of the investigation which resulted in the issuance of such order or finding.” The petitioner claims an increase of the imports of diamond sawblades from Thailand from \$0.4 million in 2005, before the investigation, to \$4 million at the time of the imposition of the antidumping duty order in 2009 to \$40.5 million in 2015 and \$41.7 million in 2016 represents a noticeable shift in patterns of trade since the

²⁸ See the petitioner’s circumvention ruling request at 19-20. See also the petitioner’s supplemental response at 16-17 and Exhibits 5-6.

²⁹ See the petitioner’s circumvention ruling request at 20.

³⁰ See the petitioner’s supplemental response at 7.

Department issued the antidumping duty order. Moreover, the petitioner provided import statistics showing a significant increase in U.S. imports of diamond sawblades from Thailand between 2005 and 2015 and in particular, massive increases in imports between 2010-2015.³¹

The petitioner argues that there is evidence of affiliation between PRC producers and their Thai counterparts that are engaged in circumvention of the antidumping duty order. For example, the petitioner claims that Wuhan Wanbang Laser Diamond Tools Co., Ltd., has established an affiliate in Thailand, *i.e.*, Diamond Tools Technology (Thailand), for which CBP determined that there is a reasonable suspicion that Diamond Tools has entered merchandise into the United States through evasion.³² The petitioner explains that PRC producers of diamond sawblades, *e.g.*, Bosun Tools Co., Ltd. have opened facilities in Thailand.³³

Analysis of the Allegation

Based on our analysis of the petitioner's anti-circumvention allegation and the information provided therein, we find that an anti-circumvention inquiry of the antidumping duty order on diamond sawblades from the PRC is warranted with respect to Diamond Tools. If warranted, the Department may, based on additional evidence it receives from interested parties regarding potential anti-circumvention of the *PRC Sawblades Order* by other Thai companies, consider conducting additional inquiries concurrently.

With regard to whether the merchandise from Thailand is of the same class or kind as the merchandise produced in the PRC, the petitioner presented information to the Department

³¹ See the petitioner's circumvention ruling request at Exhibit 9.

³² See the petitioner's circumvention ruling request at 21-22.

³³ See the petitioner's circumvention ruling request at Exhibit 8 and supplement to the petitioner's circumvention ruling request at 10 for Wuhan Wanbang Laser Diamond Tools Co., Ltd., and Diamond Tools Technology (Thailand) as an example.

indicating that, in accordance with section 781(b)(1)(A) of the Act, the merchandise being produced in and/or exported from Thailand is of the same class or kind as diamond sawblades produced in the PRC, which is subject to the antidumping duty order.³⁴ Consequently, we find that the petitioner provided sufficient information in its request regarding the class or kind of merchandise to support the initiation of this anti-circumvention inquiry.

With regard to completion or assembly of merchandise in a foreign country, in accordance with section 781(b)(1)(B) of the Act, the petitioner also presented to us two affidavits and the CBP Notice of Interim Measures indicating that diamond sawblades exported from Thailand to the United States by Diamond Tools are produced in Thailand using cores and segments produced and exported from the PRC.³⁵ We find that the information presented by the petitioner regarding this criterion supports its request to initiate this anti-circumvention inquiry with respect to Diamond Tools.

The Department finds that the petitioner sufficiently addressed the factors described in section 781(b)(1)(C) and (2) of the Act regarding whether the process of assembly or completion of finished diamond sawblades in Thailand is minor or insignificant with respect to Diamond Tools. In particular, the petitioner provided information indicating that: (1) The level of investment in the production facilities is minimal when compared with the level of investment for the facilities used in the production of segments; (2) there is little or no research and development taking place in Thailand; (3) the joining process involves the highly automated laser-welding, or other simpler joining methods, of cores and segments produced in the PRC and subject to the antidumping duty order; (4) the production facilities in Thailand are more limited

³⁴ See the petitioner's circumvention ruling request at 13-14 and Exhibit 9.

³⁵ See the petitioner's circumvention ruling request at 14-15 and Exhibits 9-12. See also the petitioner's supplemental response at 2-6 and Exhibits 5, 6, and 9.

than facilities in the PRC; and (5) the value of the processing performed in Thailand is a small proportion of the value of the diamond sawblades imported into the United States. In addition, according to the petitioner, in an ongoing investigation under the Enforce and Protect Act, CBP has issued an interim measure stating that there is a reasonable suspicion that Diamond Tools has entered subject merchandise into the United States through evasion of the antidumping duty order on diamond sawblades from the PRC.³⁶

With respect to the value of the merchandise produced in the PRC, pursuant to section 781(b)(1)(D) of the Act, the petitioner provided information indicating that the value of cores and segments produced in the PRC represents the vast majority of the value of the products exported to the United States.³⁷ We find that the evidence presented by the petitioner address the requirements of this factor, as discussed above, for the purposes of initiating this anti-circumvention inquiry.³⁸

In the final determinations of the antidumping duty investigations of diamond sawblades from the PRC and the Republic of Korea (Korea), we determined that the country in which cores and segments are joined is the country of origin of the finished diamond sawblades based on our factual findings that “the attachment process imparts the essential quality of the diamond sawblade, coupled with the substantial capital investment and technical expertise that is required for the attachment process.”³⁹ In making these factual findings, we relied on specific

³⁶ See the petitioner’s circumvention ruling request at 9 and Exhibit 8. See also the petitioner’s supplemental response at 5-6 and Exhibit 9.

³⁷ See the petitioner’s circumvention ruling request at 20. See also the petitioner’s supplemental response at 16-17 and Exhibits 5-6.

³⁸ See, e.g., the petitioner’s supplemental response at Exhibits 5-6 and 9.

³⁹ See *Final Determination – China* and accompanying I&D Memo at Comment 4, and *Notice of Final Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the Republic of Korea*, 71 FR 29310 (May 22, 2006) (*Final Determination – Korea*), and accompanying I&D Memo at Comment 3 (collectively, *Final Determinations*).

information provided by respondents in the investigations.⁴⁰ The CIT upheld our decisions with respect to the country of origin.⁴¹ However, we do not have sufficient information on the record indicating whether substantial investments have been made to the Thai companies in question for the joining process in Thailand. Also, we do not have sufficient information on the record about the technical expertise required for the joining process in Thailand.⁴² Moreover, our findings in the *Final Determinations* were made in the context of a country-of-origin determination, whereas we are considering the petitioner's request under the anti-circumvention provisions of the statute contained in section 781(b) of the Act. Therefore, we do not find the *Final Determinations* foreclose initiation of an anti-circumvention inquiry.

Finally, with respect to the additional factors listed under section 781(b)(3) of the Act, we find that the petitioner presented evidence indicating that shipments of finished diamond sawblades from Thailand to the United States increased since the imposition of the antidumping duty order, further supporting initiation of these anti-circumvention inquiries.⁴³ Accordingly, in accordance with section 781(b) of the Act, we are initiating a formal anti-circumvention inquiry concerning the antidumping duty order on diamond sawblades from the PRC with respect to Diamond Tools.

In connection with this anti-circumvention inquiry, in order to determine, among other things: (1) the extent to which PRC-sourced cores and segments are further processed into

⁴⁰ *Id.*

⁴¹ See *Advanced Tech. & Materials Co. v. United States*, No. 09-00511, slip op. 11-122, at 7-10 (Ct. Int'l Trade Oct. 12, 2011) (upholding *Final Determinations – China*), and *Diamond Sawblades Manufacturers Coalition v. United States*, 06-00248, slip op. 13-130, at 23-25 (Ct. Intl Trade Oct. 24, 2013) (upholding *Final Determinations – Korea*).

⁴² See *Clearon Corp. v. United States*, No. 13-00073, slip op. 14-88, at 33, 2014 WL 3643332, at *14 (Ct. Int'l Trade July 24, 2014) ("Although Commerce can and does take into consideration its policies and methodologies as expressed in different administrative case precedent when making its determination, it cannot take the factual information underlying those decisions into consideration unless those facts are properly on the record of the proceeding before it.").

⁴³ See the petitioner's circumvention ruling request at Exhibit 9.

finished diamond sawblades in Thailand before the finished diamond sawblades are exported to the United States; and (2) whether the process of turning PRC-sourced cores and segments into finished diamond sawblades is minor or insignificant, the Department intends to issue questionnaires to solicit information from Diamond Tools related to these factors. The Department also intends to issue questionnaires to solicit information from Diamond Tools concerning its shipments of finished diamond sawblades to the United States and the origin of the imported cores and segments being joined into finished diamond sawblades. Failure to respond completely to the Department's requests for information may result in the application of partial or total facts available pursuant to section 776(a) of the Act, which may include adverse inferences pursuant to section 776(b) of the Act.

Based on these allegations, we are initiating an anti-circumvention inquiry concerning the antidumping duty order on diamond sawblades from the PRC, pursuant to section 781(b) of the Act and 19 CFR 351.225(h), with respect to such merchandise from Thailand as described above. Because we are initiating this anti-circumvention inquiry, we are not initiating a changed circumstances review.

While we believe sufficient factual information has been submitted by the petitioner to support the initiation of an anti-circumvention inquiry, we do not find that the record supports the simultaneous issuance of a preliminary ruling. An anti-circumvention inquiry is typically complicated by its nature and can require information regarding production in both the country subject to the order and the third country in which the production of finished merchandise is completed. As we explained above, the Department intends to request additional information regarding the statutory criteria to determine whether shipments of finished diamond sawblades from Thailand are circumventing the antidumping duty order on diamond sawblades from the

PRC. Thus, with further development of the record required before a preliminary ruling can be issued, the Department does not find it appropriate to issue a preliminary ruling at this time.

Notification to Interested Parties

In accordance with 19 CFR 351.225(e), the Department finds that the issue of whether a product is included within the scope of an order cannot be determined based solely upon the application and the descriptions of the merchandise. Accordingly, the Department will notify by mail all parties on the Department's scope service list of the initiation of this anti-circumvention inquiry. In addition, in accordance with 19 CFR 351.225(f)(1)(i) and (ii), in this notice of initiation issued under 19 CFR 351.225(e), we have included a description of the product that is the subject of this anti-circumvention inquiry (*i.e.*, diamond sawblades finished in Thailand by the joining of cores and segments from the PRC) and an explanation of the reasons for the Department's decision to initiate an anti-circumvention inquiry, as provided above. In accordance with 19 CFR 351.225(l)(2), if the Department issues a preliminary affirmative determination, we will then instruct CBP to suspend liquidation and require a cash deposit of estimated antidumping duties at the applicable rate for each unliquidated entry of the merchandise at issue, entered or withdrawn from warehouse for consumption on or after the date of initiation of the inquiry.

The Department will establish a schedule for questionnaires and comments on the issues. In accordance with section 781(f) of the Act and 19 CFR 351.225(f)(5), the Department intends to issue its final determination within 300 days of the date of publication of this initiation.

This notice is published in accordance with section 781(b) of the Act and 19 CFR 351.225(h).

Dated: December 1, 2017.

Gary Taverman,

Deputy Assistant Secretary

for Antidumping and Countervailing Duty Operations,

performing the non-exclusive functions and duties of the

Assistant Secretary for Enforcement and Compliance.

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